

THE CONVERSATION



Development banks threaten to unleash an infrastructure tsunami on the environment

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Major development banks are funding logging, mining and infrastructure projects that are having enormous impacts on nature. Here, forests are being razed along a newly constructed road in central Amazonia. William Laurance, Author provided

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We are living in the most explosive era of infrastructure expansion in human history. The G20 nations, when they met in Australia in 2014, argued for between US\$60 trillion and US\$70 trillion in new infrastructure investments by 2030, which would more than double the global total value of infrastructure.

Some of the key players in this worldwide infrastructure boom are huge investors such as the World Bank. The past few years and decades have seen the rise of major new investment banks, such as the recently founded Asian Infrastructure Investment Bank (AIIB), and the dramatic growth of funds such as the Brazilian Development Bank (BNDES).

The new banks, along with traditional big lenders such as the World Bank, the International Monetary Fund, and the Asian, African, and Inter-American Development Banks, are very fond of funding big infrastructure such as roads, dams, gas lines, mining projects, and so on.

Some people had hoped that these banks would promote sustainable and socially equitable development, but it now seems that they could end up doing precisely the opposite.



The world's rivers are imperilled by thousands of planned hydroelectric dams. Shown here is the Tapajós River in Brazil, for which a dozen mega-dams are currently planned. William Laurance

The infrastructure tsunami

The next few decades are expected to see some 25 million km of new paved roads, thousands more hydroelectric dams, and hundreds of thousands of new mining, oil and gas projects.

The environmental impacts of the modern infrastructure tsunami could easily dwarf climate change and many other human pressures, as thousands of projects penetrate into the world's last surviving wild areas. Roughly 90% of the new projects are in developing nations, often in the tropics or subtropics which harbour the planet's biologically richest and environmentally most critical ecosystems.

In these contexts, new infrastructures such as roads can open a Pandora's box of environmental problems, by promoting widespread deforestation, habitat fragmentation, poaching, fires, illegal mining and land speculation.

For instance, our research in the Brazilian Amazon has shown that 95% of all deforestation occurs within 5.5 km of a legal or illegal road.

In Brazil, 12 new dams planned for the Tapajós River (and their associated road networks) are expected to increase Amazon deforestation by nearly a million hectares. Across the Amazon, more than 330 dams are now planned or under construction.

In the Congo Basin, an avalanche of new logging roads has opened up vast areas of rainforest to poachers armed with rifles and cable snares. As a result, the past decade has seen two-thirds of all Forest Elephants slaughtered for their valuable ivory tusks.



Because of massive road expansion, there has been an epic slaughter of Forest Elephants in the Congo Basin. Ralph Buij

Fears of fast-tracking

Brazil's BNDES has been heavily criticised for funding scores of environmentally and socially harmful projects, such as mega-dams in the Amazon. Fears were raised that China's AIIB would behave similarly, especially when it announced that it would be using “streamlined” procedures for evaluating its projects.

Such fast-tracked procedures would differ from those used by other major lenders such as the World Bank, which after years of criticism have gradually implemented measures designed to limit the environmental and social impacts of its projects. Even these safeguards are often inadequate, as I and others argued in a recent article, but at least they are a big improvement over past practices.

When China opened up its AIIB to other countries, 30 nations initially joined as founding members. Many of these are western economies, including the United Kingdom, Germany, France, Italy, Norway, Australia and New Zealand.

At the time, many observers hoped that the bank's broader membership would encourage the AIIB to moderate its hard-charging stance — perhaps fostering environmental and social safeguards more akin to those of the existing major lenders.

Race to the bottom?

But in fact the exact opposite appears to be happening. Rather than the AIIB raising its game, the World Bank recently concluded a review of its environmental standards — a move that has been criticised as weakening its environmental and social safeguards.

It is doing so, it says, in order to keep up with “new and varied development demands”. This is widely seen as a response to increasing competition with other investors such as the AIIB.

What will this mean? The global economy has slowed for the moment, giving environmental planners a tiny window of breathing space. But make no mistake, the infrastructure tsunami is still happening. If the global economy rebounds to a degree, the feeding frenzy of projects seen in recent years could easily return.

This could be bad news for the global environment and socially disempowered peoples. For instance, a 2009 analysis found that many developing nations had become “pollution havens” for projects funded by China or Chinese investors, who were attracted to nations with weak environmental controls. Notably, other advanced (OECD) economies showed no

such tendency.



How badly will the global avalanche of new infrastructure affect nature? With development pressures rapidly escalating in the tropics, species such as this Golden Dove, found only in Fiji, could be especially vulnerable. William Laurance

Will other major lenders follow suit? Will there simply be a “race to the bottom” among big lenders in order to remain competitive? Only time will tell.

The other key question revolves around the role of western nations that are parties to the AIIB, such as the EU members and Australia. Do they have enough influence and determination to make a difference? With China, India and Russia holding the biggest shares of the bank’s capitalisation, it’ll be an uphill battle.

Right now, for the environment and human rights, the signs are all pointing in the wrong direction.



Mining

IMF

Developing world

Infrastructure

Deforestation

Dams

World Bank

Asian Development Bank

Sustainable development
roads

International Monetary Fund

Asian Infrastructure Investment Bank

Developing nations

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